

# **Annual Financial Report**

Year Ended June 30, 2008

Annual Financial Report Year Ended June 30, 2008

# **Contents**

Independent Auditors' Report	5-7
Management's Discussion and Analysis	9-14
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Assets	17
Statement of Activities	19
Fund Financial Statements	
Governmental Funds	
Balance Sheet	23
Reconciliation of Fund Balance of Governmental Funds to Net Assets	
on the Statement of Net Assets	24
Statement of Revenues, Expenditures and Changes in Fund Balances	25
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds to the	
Statement of Activities	26
Statement of Revenues, Expenditures and Changes in Fund Balances	
Budget to Actual - General Fund	27
Fiduciary Fund	
Statement of Fiduciary Assets and Liabilities	28
Notes to Financial Statements	29-42
Combining, Individual Fund Financial Statements and Schedules	
General Fund	
Balance Sheet	45
Schedule of Revenues and Other Financing Sources - Budget to Actual	47
Schedule of Expenditures and Other Financing Uses - Budget to Actual	48-51
Nonmajor Governmental Funds	
Combining Balance Sheet	54-55
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances	56-57

# Contents

Agency Fund	
Statement of Changes in Assets and Liabilities	61
Schedules of Debt Service Requirements	
1999 Refunding Bonds	65
2002 General Improvement Bonds	66
2006A Refunding Bonds	67
2006B Refunding Bonds	68
Additional Single Audit Schedule and Reports	
Report on Internal Control Over Financial Reporting	
and on Compliance and Other Matters Based on an	
Audit of Financial Statements Performed in Accordance	
With Government Auditing Standards	71-73
Report on Compliance With Requirements Applicable to Each	
Major Program and Internal Control Over Compliance in	
Accordance with OMB Circular A-133	77-79
Schedule of Expenditures of Federal Awards	82-85
Note to Schedule of Expenditures of Federal Awards	89
Schedule of Findings and Questioned Costs	93
Summary Schedule of Prior Audit Findings	94

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# **Independent Auditors' Report**

Board of Education Jenison Public Schools Jenison, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jenison Public Schools (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements mentioned above present fairly, in all material respects, the financial position of Jenison Public Schools at June 30, 2008, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 5, 2008 on our consideration of Jenison Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining, individual fund financial statements and schedules, as well as the schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Jenison Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Grand Rapids, Michigan September 5, 2008

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# JENISON PUBLIC SCHOOLS Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

As management of Jenison Public Schools (the District), we offer this narrative overview and analysis of the financial activities of Jenison Public Schools for the year ended June 30, 2008. Generally accepted accounting principles (GAAP) require the reporting of two types of financial statements: the District-Wide Financial Statements and the Fund Financial Statements.

#### **District-Wide Financial Statements**

The district-wide financial statements are prepared using full accrual accounting and more closely represent those presented by business and industry. All of the District's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt and other long-term liabilities of the District.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets can serve as a barometer of financial health and whether the District's financial position is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the year. This statement focuses on both the gross and net cost of the various activities which are supported by the District's property taxes, state aid and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various services.

#### **Fund Financial Statements**

The governmental fund financial statements are reported on a modified accrual basis in that only those assets that are measurable and currently available are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. In the State of Michigan, school districts' major instruction and instructional support activities are reported in the General Fund. Additional activities are reported in Special Revenue Funds, Debt Retirement Funds and Capital Project Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt obligations are not recorded in the fund financial statements.

# **Summary of Net Assets**

The following schedule summarizes the net assets at June 30, 2008 and 2007:

	2008	2007
Assets		
Current and other assets	\$ 14,589,113	\$ 13,924,040
Capital assets, net of accumulated depreciation	40,158,886	42,011,192
Total Assets	54,747,999	55,935,232
Liabilities		
Current liabilities	9,060,561	8,628,539
Noncurrent liabilities	47,696,669	51,291,608
Total Liabilities	56,757,230	59,920,147
Net Assets		
Invested in capital assets, net of related debt	(9,180,277)	(10,490,031)
Restricted for debt service	488,668	202,146
Unrestricted	6,682,378	6,302,970
Total Net Assets (Deficit)	\$ (2,009,231)	\$ (3,984,915)

# **Capital Assets and Long-Term Debt**

## Capital Assets

By the end of the 2007-08 fiscal year, the District had invested \$40.2 million in a broad range of capital assets, including school buildings and facilities, site improvements, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to approximately \$2.2 million, bringing accumulated depreciation to \$40.4 million as of June 30, 2008.

# Capital Assets at June 30 (Net of Depreciation)

	2008	2007
Land	\$ 225,258	\$ 225,258
Construction in process	11,953	3,670
Buildings and improvements	36,662,488	38,356,894
Machinery, equipment and furniture	2,797,688	2,986,452
Transportation equipment	461,499	438,918
	\$ 40,158,886	\$ 42,011,192

## Long-Term Debt

At June 30, 2008, the District had approximately \$51.3 million in long-term debt outstanding. This represents a decrease of approximately \$3.3 million over the amount outstanding at the close of the prior fiscal year.

For more detailed information regarding capital assets and long-term debt, please review the Notes to the Financial Statements located in the financial section of this report.

# **Results of Operations**

For the fiscal years ended June 30, 2008 and 2007, the results of operations, on a district-wide basis were:

	2008	2007	Percent Change
Revenues			
General revenues:			
Property taxes levied for general purposes	\$ 3,201,336	\$ 3,043,560	5.2%
Property taxes levied for debt service	5,872,451	5,634,796	4.2
Unrestricted state aid	29,570,102	29,800,799	(0.8)
Investment earnings	392,172	372,831	5.2
Gain on sale of assets	2,950	7,347	(59.8)
Total general revenues	39,039,011	38,859,333	0.5
Program revenues:			
Charges for services	3,306,391	3,368,246	(1.8)
Operating grants and contributions	9,495,813	9,077,672	4.6
Operating grants and contributions	7,475,015	2,077,072	7.0
Total program revenues	12,802,204	12,445,918	2.9
<b>Total Revenues</b>	51,841,215	51,305,251	1.0
Expenses			
Instruction	27,305,447	26,644,221	2.5
Support services	13,100,761	12,204,682	7.3
Community services	1,163,869	1,131,411	2.9
Food services	2,407,897	2,334,003	3.2
Athletics	1,075,495	1,017,472	5.7
Interest on long-term debt	2,588,901	2,726,314	(5.0)
Unallocated depreciation	2,223,161	2,203,436	0.9
Total Expenses	49,865,531	48,261,539	3.3
Change in Net Deficit	1,975,684	3,043,712	
Net Deficit, beginning of year	(3,984,915)	(7,028,627)	
Net Deficit, end of year	\$ (2,009,231)	\$ (3,984,915)	

# **Analysis of Significant Revenues and Expenditures**

Significant revenues and expenditures are discussed in the segments below:

#### **State Sources**

The District is predominately funded by state aid. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. Blended state aid membership was 4,765 and 4,846 in 2007-08 and 2006-07, respectively. The state per-pupil allocation for 2007-08 and 2006-07 was \$7,204 and \$7,085, respectively.

#### Student Enrollment

The following schedule compares FTE for the blended student enrollment for the past five fiscal years:

	Actual Blended	Increase
Fiscal Year	Student FTE	(Decrease)
		_
2007-08	4,765	(81)
2006-07	4,846	(5)
2005-06	4,851	-
2004-05	4,851	33
2003-04	4,818	(15)

#### **Property Taxes**

The District levies 18 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is 50% of the property's market value.

For the 2007-08 fiscal year the District's non-homestead property tax collections were approximately \$3.2 million. The increase of 5.2% from the prior year was due to the increase in the taxable values of non-homestead property.

The District levies 7.2 mills of property taxes on all classes of property located within the District for bonded debt retirement. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total amount collected for debt retirement in the current year was approximately \$5.9 million. This is a 4.2% increase from the prior year due to the increase in the taxable values of property.

#### Investment Earnings

In 2007-08, Jenison Public Schools experienced an increase in investment earnings as a result of additional cash investment opportunities.

#### General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2007-08 fiscal year, the District amended the general fund budget one time, with the Board adopting the changes in June 2008. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	Original Budget	Final Budget	Actual	Fin	ance With all Budget Positive Negative)
<b>Total Revenues</b>	\$ 42,578,589	\$ 43,164,985	\$43,308,862	\$	143,877
Expenditures					
Instruction	\$ 27,487,262	\$ 27,620,315	\$27,434,350	\$	185,965
Support services	12,529,735	13,224,373	13,319,931		(95,558)
Community services	1,215,994	1,228,275	1,177,406		50,869
Debt services	23,949	23,946	23,946		
<b>Total Expenditures</b>	\$ 41,256,940	\$ 42,096,909	\$41,955,633	\$	141,276

The variances between the actual revenues and the original and final revenue budgets are due primarily to additional state aid.

The variances between the actual general fund expenditures and the original and final expenditure budgets are due primarily to contract settlements with salary increases not included in the original budget due to timing of negotiations.

Overall, the General Fund increased its fund balance by \$114,068.

# **Factors Bearing on the District's Future**

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- With the current economic condition in the country, and especially in the State of Michigan, uncertainty surrounds the level at which districts will be funded for the student foundation allowance for the 2008-09 fiscal year. The early indication is that the foundation allowance will increase \$112 or \$7,316 per pupil.
- As with other employers, the District continues to face a rapid increase in rates paid for employee benefits, particularly for health insurance. Additionally, while the State has managed to limit the growth in the rate at which districts fund the retirement system over the past few years, the increase in the number of retirees projected to occur over the next few years may result in higher annual increases.

• The State of Michigan continues to increase its focus on student achievement. Results of standardized test scores (Michigan Educational Assessment Program) are compared from year to year, with the results being tabulated by school building and by district. With the changes to the federal Title I legislation resulting from the No Child Left Behind Act, adequate yearly progress of students will be more important as certain portions of funding are now tied to it.

# **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Director of Business, Kimberly R. Hansen, Jenison Public Schools, 8375 20<sup>th</sup> Avenue, Jenison, Michigan 49428.

# District-Wide Financial Statements

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# District-Wide Financial Statements Statement of Net Assets

June 30, 2008	Governmental Activities
Assets	
Current Assets	
Cash (Note 3)	\$ 7,167,618
Accounts receivable	51,164
Due from other governmental units	6,435,043
Inventories	157,081
Prepaid expenses	25,879
Total current assets	13,836,785
Noncurrent Assets	
Deferred issuance costs	402,233
Deferred interest from refunding	350,095
Land and construction in process	237,211
Depreciable capital assets, net (Note 5)	39,921,675
Total noncurrent assets	40,911,214
Total Assets	54,747,999
Liabilities	
Current Liabilities	
Accounts payable	144,370
Accrued payroll	4,489,623
Accrued interest	405,174
Unearned revenue	133,137
Current portion of long-term obligations (Note 6)	3,888,257
Total current liabilities	9,060,561
Noncurrent Liabilities	
Deferred bond premium	311,491
Noncurrent portion of long-term obligations (Note 6)	47,385,178
Total noncurrent liabilities	47,696,669
Total Liabilities	56,757,230
Net Assets (Deficit)	
Invested in capital assets, net of related debt	(9,180,277)
Restricted for debt service	488,668
Unrestricted	6,682,378
Total Net Deficit	\$ (2,009,231)

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# District-Wide Financial Statements Statement of Activities

				Net (Expense) Revenue and
		Progra	m Revenues	Changes in Net Assets
			Operating	
W 1.14 20 2000		Charges for	Grants and	m . 1
Year ended June 30, 2008	Expenses	Services	Contributions	Total
Governmental Activities				
Instruction:				
Basic programs	\$ 20,414,649	\$ -	\$ 146,154	\$ (20,268,495)
Special education	6,099,013	3,220	7,555,410	1,459,617
Other instruction	791,785	-	630,044	(161,741)
Support services:				
Student services	2,466,262	-	72,290	(2,393,972)
Instructional staff	1,752,354	-	91,912	(1,660,442)
General administration	414,645	-	-	(414,645)
School administration	2,251,668	-	133,312	(2,118,356)
Business office	597,041	-	-	(597,041)
Operations and maintenance	3,206,245	-	-	(3,206,245)
Student transportation	1,759,591	-	58,745	(1,700,846)
Other support services	652,955	-	-	(652,955)
Community services	1,163,869	1,638,175	-	474,306
Food service	2,407,897	1,529,726	807,946	(70,225)
Athletics	1,075,495	135,270	-	(940,225)
Interest on long-term debt	2,588,901	-	-	(2,588,901)
Unallocated depreciation	2,223,161	-	-	(2,223,161)
Total School District	\$ 49,865,531	\$ 3,306,391	\$ 9,495,813	(37,063,327)
	General revenue	oc.		
		s levied for gen	eral nurnoses	3,201,336
	• •	s levied for deb		5,872,451
	Unrestricted s		at Bol vice	29,570,102
	Investment ea			392,172
	Gain on sale	_		2,950
	Total general re	venues		39,039,011
	Change in net d	eficit		1,975,684
	Net Deficit, beg	ginning of year		(3,984,915)
	Net Deficit, end	l of year		\$ (2,009,231)

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# Fund Financial Statements

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# Governmental Funds Balance Sheet

June 30, 2008	General	Governmen	her Total ntal Governmental nds Funds
Assets			
Cash (Note 3)	\$ 5,105,592	\$ 2,062,0	26 \$ 7,167,618
Accounts receivable	36,344	7,3	
Due from other funds (Note 4)	39,422	7,5	- 39,422
Due from other governmental units	6,435,043		- 6,435,043
Inventories	81,955	75,1	
Prepaid expenditures	25,879	73,1	- 25,879
Trepard experiences	23,019		25,017
Total Assets	\$11,724,235	\$ 2,144,4	59 \$ 13,868,694
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 144,261	\$ 1	09 \$ 144,370
Accrued payroll	4,489,623		- 4,489,623
Due to other funds (Note 4)	-	31,9	09 31,909
Deferred revenue	24,892	109,0	65 133,957
Total liabilities	4,658,776	141,0	83 4,799,859
Fund Balances			
Reserved for:			
Inventories and prepaid expenditures	107,834	75,1	26 182,960
Unreserved, designated for ERI payments	439,191	,	- 439,191
Unreserved, undesignated reported in:			
General fund	6,518,434		- 6,518,434
Capital projects fund	-	744,0	33 744,033
Special revenue funds	-	290,3	
Debt retirement funds	-	893,8	42 893,842
Total fund balances	7,065,459	2,003,3	76 9,068,835
Total Liabilities and Fund Balances	\$11,724,235	\$ 2,144,4	59 \$ 13,868,694

# Reconciliation of Fund Balance of Governmental Funds to Net Assets on the Statement of Net Assets

June 30, 2008		
Total fund balances - total governmental funds (from page 23)		\$ 9,068,835
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Capital assets, at cost	\$ 80,513,147	
Accumulated depreciation	(40,354,261)	
Net capital assets	<u> </u>	40,158,886
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of:		
Deferred taxes	820	
Deferred loss on refunding	350,095	
Bond issuance costs, net	402,233	
Net other assets		753,148
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Balances are as follows:		
Bonds and notes payable	(50,126,868)	
Retirement contracts payable	(981,208)	
Compensated absences	(165,359)	
Bond premium, net	(311,491)	
Accrued interest on bonds and notes	(405,174)	
Total long-term liabilities		(51,990,100)
Net Assets (Deficit) of Governmental Activities		\$ (2,009,231)

# Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

		Other	Total
		Governmental	Governmental
Year ended June 30, 2008	General	Funds	Funds
Revenues			
Local sources:			
Property taxes	\$3,204,763	\$ 5,873,833	\$ 9,078,596
Other local	1,835,069	1,831,567	3,666,636
Interdistrict	4,810,442	-	4,810,442
State sources	31,820,425	74,001	31,894,426
Federal sources	1,638,163	733,945	2,372,108
Total revenues	43,308,862	8,513,346	51,822,208
Expenditures			
Instruction	27,434,350	-	27,434,350
Support services	13,319,931	_	13,319,931
Community services	1,177,406	_	1,177,406
Food service	-	2,407,897	2,407,897
Athletics	-	1,075,495	1,075,495
Debt retirement:			
Redemption of principal	22,999	3,185,000	3,207,999
Interest and fiscal charges	947	2,563,769	2,564,716
Capital projects	-	103,311	103,311
Total expenditures	41,955,633	9,335,472	51,291,105
Excess (deficiency) of revenues over expenditures	1,353,229	(822,126)	531,103
Other Financing Sources (Uses)		1 220 161	1 220 161
Transfers in (Note 4)	(1.220.161)	1,239,161	1,239,161
Transfers out (Note 4)	(1,239,161)		(1,239,161)
Total other financing sources (uses)	(1,239,161)	1,239,161	
Net change in fund balances	114,068	417,035	531,103
Fund Balances, beginning of year	6,951,391	1,586,341	8,537,732
Fund Balances, end of year	\$7,065,459	\$ 2,003,376	\$ 9,068,835

# Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2008			
Net change in fund balances - total governmental funds (from page 25)		\$	531,103
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.  Capital outlay	\$ 370,855		
Depreciation expense	(2,223,161)		
Net effect of capital outlays	(2,223,101)		(1,852,306)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Deferred property taxes			(4,809)
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and note principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Principal payments			3,207,999
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Also, debt issuance costs are deferred and amortized in the statement of activities.			
Deferred issuance costs and premiums	(22,940)		
Accrued interest	22,571		
Retirement contracts	91,220		
Compensated absences	2,846		
Net effect of long-term liabilities	2,310		93,697
	•	¢	•
Change in Net Deficit of Governmental Activities	ļ	Þ	1,975,684

# General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

				Variance With	
	Original	Final		Final Budget Positive	
Year ended June 30, 2008	Budget	Budget	Actual	(Negative)	
·	Budget	Budget	Tietaai	(Freguerve)	
Revenues	ф. 2.255.22 <b>7</b>	ф. 2.105.40 <b>2</b>	ф. 2.204 <i>Пс</i> 2	Φ 0.261	
Property taxes	\$ 3,255,327	\$ 3,195,402	\$ 3,204,763	\$ 9,361	
Other local sources Interdistrict sources	1,512,419	1,730,679	1,835,069	104,390	
State sources	4,655,130 31,325,053	4,746,099 31,814,776	4,810,442 31,820,425	64,343 5,649	
Federal sources	1,830,660	1,678,029	1,638,163	(39,866)	
	· · · · · · · · · · · · · · · · · · ·	, ,	, ,		
Total revenues	42,578,589	43,164,985	43,308,862	143,877	
Expenditures					
Instruction:					
Regular	20,475,452	20,661,201	20,561,547	99,654	
Special education	6,225,816	6,111,815	6,081,018	30,797	
Vocational education	200,156	199,248	177,358	21,890	
Other	585,838	648,051	614,427	33,624	
Total instruction	27,487,262	27,620,315	27,434,350	185,965	
Support services:					
Student services	2,192,574	2,433,192	2,523,480	(90,288)	
Instructional staff	1,684,022	1,829,321	1,814,084	15,237	
General administration	411,728	469,368	458,249	11,119	
School administration	2,072,460	2,087,452	2,093,544	(6,092)	
Business office	633,976	610,324	616,420	(6,096)	
Operations and maintenance	3,199,765	3,250,523	3,276,417	(25,894)	
Student transportation	1,632,396	1,861,574	1,884,091	(22,517)	
Other support services	702,814	682,619	653,646	28,973	
Total support services	12,529,735	13,224,373	13,319,931	(95,558)	
Community services	1,215,994	1,228,275	1,177,406	50,869	
Debt service	23,949	23,946	23,946	-	
Total expenditures	41,256,940	42,096,909	41,955,633	141,276	
Excess of revenues over expenditures	1,321,649	1,068,076	1,353,229	285,153	
Other Financing Uses				_	
Transfers out	(973,004)	(1,173,004)	(1,239,161)	(66,157)	
Change in fund balances	348,645	(104,928) 114,06		218,996	
Fund Balances, beginning of year	6,951,391	6,951,391	6,951,391	-	
Fund Balances, end of year	\$ 7,300,036	\$ 6,846,463	\$ 7,065,459	\$ 218,996	

# Fiduciary Fund Statement of Fiduciary Assets and Liabilities

June 30, 2008	Agency Balance
Assets	
Cash (Note 3)	\$ 443,768
Liabilities	
Due to other funds	\$ 7,513
Due to student groups	436,255
Total Liabilities	\$ 443,768

### **Notes to Financial Statements**

# 1. Summary of Significant Accounting Policies

The basic financial statements of Jenison Public Schools (the District) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

#### Reporting Entity

The District is an independent entity with an elected Board of Education. The Board consists of seven members elected to four-year terms. The Board has responsibility and control over all matters affecting the District, including the authority to levy taxes and determine its budget, the power to designate management and primary accountability for fiscal matters. The basic financial statements of the District contain all funds and account groups for which the District is financially accountable.

#### Basis of Presentation

District-wide financial statements: The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The district-wide financial statements categorize activities as either governmental or business-type. All of the District's activities are classified as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to recipients who purchase, use or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Property taxes, state aid foundation and certain other items are reported as general revenues.

### **Notes to Financial Statements**

Fund financial statements: The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

#### Governmental Funds

Governmental funds are used to account for the District's general activity. The focus is on determination of the financial position and changes in financial position. The following is a description of the governmental funds of the District:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. It is considered a major fund.

Special Revenue Funds are used to account for revenue sources that are restricted to expenditures for specified purposes. The District operates two special revenue funds: Food Service and Athletics.

Debt Retirement Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities. The District has two capital project funds: the 2002 Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities funded by the 2002 bond issue. The General Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital purchases.

#### Fiduciary Fund

The *Agency Fund* is used to account for assets held by the District in a trustee capacity for individuals or school-related organizations. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The District operates one agency fund, which is the Student Activities Fund.

### **Notes to Financial Statements**

## Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in the district-wide financial statements to the extent that those standards do not conflict with GASB guidance.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough after to pay liabilities for the current period. The District considers revenues available if collected within 60 days after year-end for property taxes, state aid and interest, and 90 days after year-end for entitlement funds and grants.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

## **Notes to Financial Statements**

#### State Foundation Revenue

The State of Michigan provides funds through a foundation grant approach, which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. For the year ended June 30, 2008, the foundation allowance was based on the blended average of pupil membership counts taken in February and September 2007.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills.

#### State Categorical Revenue

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as deferred revenue.

#### Federal Revenue

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

#### **Budgets and Budgetary Accounting**

The budgetary data reflected in the financial statements is established by the District using the procedures outlined below:

Prior to May, the various principals, directors and supervisors review operating budgets by program or building for the fiscal year commencing the following July 1, and submit them to the Director of Business.

### **Notes to Financial Statements**

This information is used to develop a budget and resolution for the General Fund, Special Revenue Funds and Debt Retirement Funds. This includes proposed expenditures and the means of financing them, and is compiled on the same basis of accounting used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis.

In June, the budget resolution is subjected to a public hearing before the full Board of Education and is adopted after this hearing and before July 1, the first day of the budgeted fiscal year.

Various administrators are authorized to transfer budgeted amounts within their departmental budget; however, any revisions that alter the total expenditures of a fund, the legal level of budgetary control, must be approved by the Board of Education. The final budget reflects all revisions approved by the Board of Education during the year.

The budget is integrated with the accounting system of the District and is used as a management control device during the year.

#### Investments

Investments are reported at fair value based on quoted market prices.

#### Inventories

Inventories are stated at cost except USDA donated commodities, which are recorded at fair market value. Inventories consist primarily of food, cafeteria supplies, and teaching and maintenance supplies and are reported as assets until consumed, at which time an expenditure is recorded.

#### Capital Assets

Capital assets, which include property, buildings and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at their market value as of the donation date.

## **Notes to Financial Statements**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets useful lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed.

Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings and additions	50
Furniture and equipment	5-15

#### Other Assets

Bond sale costs, premiums and discounts are deferred and amortized over the life of the related bonds.

#### Compensated Absences

District employees are granted vacation and sick leave in varying amounts based on length of service. Sick leave is accumulated at different rates for various categories of employees. Unused sick leave accumulates from year to year to a maximum, which varies for different categories of employees. Unused sick leave is not paid to employees upon termination. Vacation days are paid to employees for unused days up to twice their yearly allowance at the time of severance from employment. In the fund financial statements, only the matured liability for compensated absences is reported. The total liability for vacation pay is reported in the district-wide financial statements.

## **Long-Term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements the face amount of debt is reported as other financing sources. Bond premiums and discounts as well as issuance costs are recognized during the current period. Premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

### **Notes to Financial Statements**

#### Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

### **Property Taxes**

Properties are assessed as of December 31, and are levied and become a lien on July 1. These taxes are due on September 14 with the final collection date of February 28, before they are added to the county delinquent tax rolls.

#### **Interfund Activity**

Outstanding balances between funds are reported as due from/to other funds at year-end. The General Fund annually transfers the revenue received from the Pepsi contract to the Student Activity Fund and also transfers funds to the Athletics Fund to cover operating shortfalls.

#### Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

# 2. Stewardship, Compliance and Accountability

The following funds had expenditures exceeding budgeted appropriations:

	Budget Actual		Variance		
Athletics Fund	\$ 1,029,004	\$	1,075,495	\$	46,491
Food Service Fund	2,228,803		2,407,897		179,094

Revenues and/or fund balances were sufficient to cover the excess expenditures.

#### **Notes to Financial Statements**

#### 3. Cash and Investments

#### **Deposits**

State statutes require that certificates of deposit, savings accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the State of Michigan that are also members of a federal or national insurance corporation.

#### Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District minimizes custodial credit risk by pre-qualifying financial institutions. At June 30, 2008, \$7,752,948 of the District's bank balances of \$7,852,948 was uninsured and uncollateralized.

#### **Investments**

At June 30, 2008, the District had no investments.

#### 4. Interfund Activity

Interfund receivable and payable balances at June 30, 2008 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 39,422	\$ -
Athletics Fund	φ <i>59</i> , 122	14,048
Food Service Fund	-	17,861
Agency Fund	-	7,513
	\$ 39,422	\$ 39,422

In 2008, the General Fund transferred \$939,161 to the Athletics Fund for operations, \$300,000 to the General Capital Projects Fund for future projects and \$40,610 of Pepsi revenue to the Student Activity Agency Fund.

### **Notes to Financial Statements**

### 5. Capital Assets

The following summarizes capital asset activity for the year ended June 30, 2008:

	Balance, July 1, 2007 Additions Del		Deletions	Balance, June 30, 2008
	·			
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 225,258	\$ -	\$ -	\$ 225,258
Construction in process	3,670	11,953	3,670	11,953
Capital assets being depreciated:				
Buildings and improvements	72,068,479	62,570	-	72,131,049
Furniture and fixtures	1,714,991	135,058	-	1,850,049
Machinery and equipment	948,546	-	-	
Outside equipment	3,030,291	6,840	6,840 -	
Buses	2,198,107	158,104	47,050	2,309,161
Totals at historical cost	80,189,342	374,525	50,720	80,513,147
Less accumulated depreciation for:				
Buildings and improvements	33,711,585	1,756,976	_	35,468,561
Furniture and fixtures	975,543	161,502	_	1,137,045
Machinery and equipment	857,720	29,920	_	887,640
Outside equipment	874,113	139,240	_	1,013,353
Buses	1,759,189	135,523	47,050	1,847,662
2 4565	1,737,107	133,323	17,030	1,017,002
Total accumulated depreciation	38,178,150	2,223,161	47,050	40,354,261
Net Capital Assets	\$ 42,011,192	\$ (1,848,636)	\$ 3,670	\$ 40,158,886

Depreciation for the year ended June 30, 2008 was \$2,223,161. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

### **Notes to Financial Statements**

### 6. Long-Term Obligations

The following is a summary of changes in long-term obligations for the District for the year ended June 30, 2008:

	Balance, July 1, 2007	Additions	Deductions	Balance, June 30, 2008	Due Within One Year
Bonds payable	\$ 52,965,000	\$ -	\$ 3,185,000	\$ 49,780,000	\$3,260,000
Durant non-plaintiff bond	346,868	_	-	346,868	199,778
Retirement incentive	1,072,428	319,980	411,200	981,208	428,479
Installment purchase contracts	22,999	-	22,999	-	-
Vacation accrual	168,205	-	2,846	165,359	-
	\$ 54,575,500	\$ 319,980	\$ 3,622,045	\$ 51,273,435	\$ 3,888,257

Retirement incentives and vacation accruals are normally liquidated by the General Fund, Athletic Fund and Food Service Fund. Installment purchase contracts are paid out of the General Fund.

Bonds payable at June 30, 2008 are comprised of the following individual issues:

2006 Series B serial bonds due in annual installments of \$40,000 to \$1,625,000 through May 2027; interest at 4.25 % to 4.35%.	\$ 6,710,000
2006 Series A serial bonds due in annual installments of \$475,000 to \$555,000 through May 2016; interest at 3.50 % to 5.00%.	4,085,000
2002 serial bonds due in annual installments of \$425,000 to \$1,575,000 through May 2023; interest at 3.80% to 5.50%.	14,725,000
1999 serial bonds due in annual installments of \$2,360,000 to \$3,545,000 through May 2016; interest at 4.30 % to 5.25%.	24,260,000
	\$ 49,780,000

#### **Notes to Financial Statements**

The Durant Non-Plaintiff Bond consists of:

\$346,868 of School Improvement Bonds, Series 1998, due in annual installments of \$34,249 to \$199,778, through May 15, 2013, interest at 4.76%.

This Bond, including interest, was issued in anticipation of payment to the District as appropriated and to be appropriated by the State of Michigan under Section 11g(3) of Act 94 (state aid payments). The District has pledged and assigned to the bondholder all rights to these state aid payments as security for this Bond.

This Bond is a self-liquidating bond and is not a general obligation of the District and does not constitute an indebtedness of the District within any constitutional or statutory limitations. This Bond is payable both as principal and interest solely from the state aid payments described in the preceding paragraph.

#### **Debt Service Requirements**

The annual requirements to service the bonds to maturity including both principal and interest are as follows:

Year ending June 30,	Principal	Interest	Total
2009	\$ 3,260,000	\$ 2,431,044	\$ 5,691,044
2010	3,505,000	2,296,790	5,801,790
2011	3,715,000	2,145,026	5,860,026
2012	3,900,000	1,961,314	5,861,314
2013	4,095,000	1,767,088	5,862,088
2014-2018	16,720,000	5,662,050	22,382,050
2019-2023	8,085,000	2,623,912	10,708,912
2024-2027	6,500,000	699,564	7,199,564
	\$49,780,000	\$19,586,788	\$ 69,366,788

#### **Notes to Financial Statements**

#### **Defeased Debt**

In prior years, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account asset and the liability for the defeased bonds are not included in the financial statements. At June 30, 2008, \$6,375,000 of bonds outstanding are considered defeased and will be called for payment in 2012.

#### Early Retirement Incentive

The District offers some employees an early retirement incentive program as part of their contractual agreement. Forty-seven employees participate in the early retirement program. The program provides up to 72% of each employee's annual salary at the time of retirement payable over five years. At June 30, 2008, the District's liability for the early retirement program was \$1,031,919. The total present value of the future payments, using a discount rate of 2.5%, is \$981,208.

## 7. Employee Retirement System - Defined Benefit Plan

#### Plan Description

The District contributed to the statewide Michigan Public School Employees' Retirement System (MPSERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the nine-member board of the MPSERS. The MPSERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPSERS was established by Public Act of 136 of 1945 and currently operates under the provision of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by contacting the Michigan Public Schools Employees' Retirement System, P.O. Box 30026, Lansing, Michigan 48909.

#### **Notes to Financial Statements**

#### **Funding Policy**

Basic Plan members make no contributions. Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 and December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2008 were 17.74% from July 1, 2007 through September 30, 2007 and 16.72% from October 1, 2007 through June 30, 2008. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District's contributions to MPSERS for the current and two preceding years were as follows:

	Employer
Year ended June 30,	Contribution
2008	\$ 5,078,644
2007	5,001,733
2006	4,821,302

#### Other Post Employment Benefits

Retirees have the option of health, dental and vision coverage, which is funded on a cash basis by the employers. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension.

#### **Notes to Financial Statements**

#### 8. Risk Management and Benefits

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees and natural disasters. The District is a member of the West Michigan Risk Management Trust (Trust), a self insurance program with 27 districts pooling together to insure property, liability and auto exposures. Premiums from members of the Trust are arrived at through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,300,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained to place the responsibility for small charges with the members of the Trust.

The District is a member of the West Michigan Workers' Compensation Fund, a self insurance program with 20 districts pooling together to insure workers' compensation and employers' liability exposures. The fund pays the first \$450,000 of any workers' compensation or employers' liability loss out of a \$2,125,177 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts.

The District carries commercial insurance for all other risks of loss, including employee life, health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

## 9. Bond Compliance

The Capital Projects Funds include activities funded by bonds that were issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the Revised School Code. The District has reported the annual construction activity in the 2002 Capital Projects Fund. Cumulative revenues and expenditures for the construction period ended June 30, 2008 were as follows:

	2002 Bonds_
Revenues	\$ 1,227,618
Expenditures	24,540,810

## **General Fund**

## **General Fund Balance Sheet**

June 30, 2008	General
Assets	
Cash	\$ 5,105,592
Accounts receivable	36,344
Due from other funds	39,422
Due from other governmental units	6,435,043
Inventories	81,955
Prepaid expenditures	25,879
Total Assets	\$11,724,235
	, ,, , , , , , , , , , , , , , , , , , ,
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 144,261
Accrued payroll	4,489,623
Deferred revenue	24,892
Total liabilities	4,658,776
Fund Balances	
Reserved for:	
Inventories and prepaid expenditures	107,834
Unreserved, designated for ERI payments	439,191
Unreserved, undesignated	6,518,434
Total fund balances	7,065,459
Total Liabilities and Fund Balances	\$11,724,235

## General Fund Schedule of Revenues and Other Financing Sources Budget to Actual

Year ended June 30, 2008	Final Budget	Actual	(	Variance Positive (Negative)
Revenues				
Local Sources				
Property tax, other taxes and interest	\$ 3,195,402	\$ 3,204,763	\$	9,361
Tuition	5,000	3,220		(1,780)
Investment income	195,000	201,785		6,785
Other	1,530,679	1,630,064		99,385
Total revenues from local sources	4,926,081	5,039,832		113,751
State Sources				
Unrestricted grants	29,568,635	29,570,102		1,467
Restricted grants	2,246,141	2,250,323		4,182
Total revenues from state sources	31,814,776	31,820,425		5,649
Federal Sources - restricted	1,678,029	1,638,163		(39,866)
Interdistrict Sources	4,746,099	4,810,442		64,343
Total Revenues	\$ 43,164,985	\$ 43,308,862	\$	143,877

Year ended June 30, 2008	Salaries	Employee Benefits	Purchased Services
Expenditures			
Instruction			
Basic programs:			
Elementary	\$ 6,784,135	\$ 3,378,799	\$ 168,281
Junior high	1,881,811	947,963	21,002
High school	4,268,856	2,048,085	72,355
Preschool	363,053	144,810	5,878
Total basic programs	13,297,855	6,519,657	267,516
Added needs:			
Special education	3,632,069	1,818,762	106,159
Compensatory education	333,812	161,199	4,728
Vocational education	111,677	53,913	4,784
	·		
Total added needs	4,077,558	2,033,874	115,671
Total instruction	17,375,413	8,553,531	383,187
Support Services			
Student services:			
Guidance	403,470	202,812	1,317
Health	-		157,533
Psychological	168,768	81,046	921
Speech	264,700	135,925	50,056
Social work	196,755	75,823	86,702
Teacher consultant	67,634	33,672	1,254
Other	422,559	119,196	35,827
Total student services	1,523,886	648,474	333,610
Instructional staff:	15.044	2 2 2 7	62.112
Improvement of instruction	15,344	3,355	63,113
Library	703,035	326,843	845
Supervision and direction	158,266	113,052	195,625
Total instructional staff	876,645	443,250	259,583

## General Fund Schedule of Expenditures and Other Financing Uses Budget to Actual

Supplies, Materials and Other Expenses	Capital Outlay	Total Actual Expenditures	Final Budget	Variance Positive (Negative)
\$ 171,244 55,947 210,778 7,469	\$ 9,891 14,839 5,602 749	\$ 10,512,350 2,921,562 6,605,676 521,959	\$ 10,581,308 2,969,821 6,595,311 514,761	\$ 68,958 48,259 (10,365) (7,198)
115 129	21 091	20 561 547	20 661 201	00.654
445,438	31,081	20,561,547	20,661,201	99,654
518,541	5,487	6,081,018	6,111,815	30,797
98,975 3,645	15,713 3,339	614,427 177,358	648,051 199,248	33,624 21,890
3,043	3,337	177,556	177,240	21,890
621,161	24,539	6,872,803	6,959,114	86,311
1,066,599	55,620	27,434,350	27,620,315	185,965
2,064	-	609,663	591,044	(18,619)
338 5,829	-	157,871 256,564	155,209 263,130	(2,662)
1,660	-	452,341	449,880	6,566 (2,461)
281	_	359,561	355,509	(4,052)
484	_	103,044	109,464	6,420
6,854	-	584,436	508,956	(75,480)
17,510	-	2,523,480	2,433,192	(90,288)
20,461 71,852 139,180	3,113	102,273 1,105,688 606,123	119,452 1,106,425 603,444	17,179 737 (2,679)
231,493	3,113	1,814,084	1,829,321	15,237

Year ended June 30, 2008	Salaries	Employee Benefits	
Tean onace with 50, 2000	Bularies	Benefits	Bervices
Support Services (Continued)			
General administration	\$ 244,270	\$ 106,758	\$ 70,356
School administration	1,362,297	683,351	1,966
Business office:			
Fiscal	267,058	135,307	4,747
Internal services	81,703	40,575	68,126
Other	-	-	
Total business office	348,761	175,882	72,873
Operations and maintenance	1,016,609	581,230	851,205
Student transportation	796,215	462,208	207,766
Other support services:			
Personnel services	113,915	63,990	6,908
Other	110,157	102,555	179,737
Total other support services	224,072	166,545	186,645
Total support services	6,392,755	3,267,698	1,984,004
<b>Community Services</b>	795,213	261,173	43,928
Payments on Loans	-	_	
Total expenditures	24,563,381	12,082,402	2,411,119
Other Financing Uses Transfers out	-	-	<u> </u>
<b>Total Expenditures and Other Financing Uses</b>	\$ 24,563,381	\$12,082,402	\$ 2,411,119

## General Fund Schedule of Expenditures and Other Financing Uses Budget to Actual

 Supplies, Materials and Other Expenses	Capital Outlay	Total Actual Expenditures			Variance Positive (Negative)	
\$ 36,865	\$ -	\$ 458,249	\$	469,368	\$ 11,119	
45,930	-	2,093,544		2,087,452	(6,092)	
17,436	-	424,548		422,991	(1,557)	
-	-	190,404		184,333	(6,071)	
 1,468	-	1,468		3,000	1,532	
18,904	-	616,420		610,324	(6,096)	
823,595	3,778	3,276,417		3,250,523	(25,894)	
382,402	35,500	1,884,091		1,861,574	(22,517)	
30,038	_	214,851		229,650	14,799	
46,346	-	438,795		452,969	14,174	
- 7-				- ,	, , , , , , , , , , , , , , , , , , , ,	
 76,384	-	653,646		682,619	28,973	
1,633,083	42,391	13,319,931		13,224,373	(95,558)	
76,022	1,070	1,177,406		1,228,275	50,869	
 23,946		23,946		23,946		
 2,799,650	99,081	41,955,633		42,096,909	141,276	
 1,239,161		1,239,161		1,173,004	(66,157)	
\$ 4,038,811	\$ 99,081	\$ 43,194,794	\$	43,269,913	\$ 75,119	

# Nonmajor Governmental Funds

		Special	Rev	Capital Projects			
	Food						
June 30, 2008		Service		Athletics		2002	General
Assets	ф	400.004	Ф	14157	Ф	ф	744.000
Cash	\$	409,994	\$	14,157	\$	- \$	744,033
Accounts receivable		7,072		-		-	-
Inventories		75,126		-		-	
Total Assets	\$	492,192	\$	14,157	\$	- \$	744,033
Liabilities and Fund Balances							
Liabilities and Fund Dalances							
Liabilities							
Accounts payable	\$	-	\$	109	\$	- \$	-
Due to other funds		17,861		14,048		-	-
Deferred revenue		108,830		-		-	
Total liabilities		126,691		14,157		_	_
		· · · · · · · · · · · · · · · · · · ·		,			
Fund Balances							
Reserved for inventories		75,126		-		-	-
Unreserved		290,375		-		-	744,033
Total fund balances		365,501		-		-	744,033
<b>Total Liabilities and Fund Balances</b>	\$	492,192	\$	14,157	\$	- \$	744,033

## Nonmajor Governmental Funds Combining Balance Sheet

2	006B Debt	2	006A Debt	2002 Debt		1999 Debt	Total
\$	29,068 13	\$	68,364 27	\$ 430,064 58	\$	366,346 137	\$ 2,062,026 7,307 75,126
\$	29,081	\$	68,391	\$ 430,122	\$	366,483	\$ 2,144,459
\$	-	\$	-	\$ -	\$	-	\$ 109
	- 12		-	-		107	31,909
	13		27	58		137	109,065
	13		27	58		137	141,083
	-		-	-		-	75,126
	29,068		68,364	430,064		366,346	1,928,250
	29,068		68,364	430,064		366,346	2,003,376
\$	29.081	\$	68.391	\$ 430,122	\$	366.483	\$ 2.144.459

	Specia	1 Revenue	Capital Projects			
•	Food					
Year ended June 30, 2008	Service	Athletics	2002	General		
Revenues						
Local sources:						
Property taxes	\$ -	\$ -	\$ - \$	_		
Other local	1,542,692	136,334	2,069	11,585		
State sources	74,001	-	-	-		
Federal sources	733,945	-	-	-		
Total revenues	2,350,638	136,334	2,069	11,585		
Expenditures						
Salaries	682,889	615,457	-	-		
Employee benefits	213,907	178,082	-	-		
Food and milk costs	1,113,765	-	-	-		
Purchased services	176,217	191,086	-	-		
Supplies, materials, other	140,928	35,008	-	-		
Capital outlay	80,191	55,862	103,311	-		
Redemption of principal	-	-	-	-		
Interest and fiscal charges	-	-	-	-		
Total expenditures	2,407,897	1,075,495	103,311			
Excess (deficiency) of revenues over expenditures	(57,259)	(939,161)	(101,242)	11,585		
Other Financing Sources						
Transfers in	-	939,161	-	300,000		
Net change in fund balances	(57,259)	-	(101,242)	311,585		
Fund Balances, beginning of year	422,760	-	101,242	432,448		
Fund Balances, end of year	\$ 365,501	\$ -	\$ - \$	744,033		

## Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances

20	06B Debt	20	006A Debt	,	2002 Debt	1	.999 Debt	Total
\$	318,178	\$	685,261	\$1	,443,912	\$ 3	,426,482	\$ 5,873,833
	5,552		18,294		33,486		81,555	1,831,567
	-		-		-		-	74,001
	-		-		-		-	733,945
	323,730		703,555	1	,477,398	3	,508,037	8,513,346
	ĺ		ĺ					, ,
	_		_		_		_	1,298,346
	_		_		_		_	391,989
	_		_		_		_	1,113,765
	_		_		_		_	367,303
	-		_		_		_	175,936
	-		-		=		-	239,364
	40,000		550,000		425,000	2	,170,000	3,185,000
	289,370		195,444		755,414	1	,323,541	2,563,769
						_		
	329,370		745,444	]	,180,414	3	,493,541	9,335,472
	(5,640)		(41,889)		296,984		14,496	(822,126)
	-		-		-		_	1,239,161
	(5,640)		(41,889)		296,984		14,496	417,035
	34,708		110,253		133,080		351,850	1,586,341
\$	29,068	\$	68,364	\$	430,064	\$	366,346	\$ 2,003,376

## **Agency Fund**

## Agency Fund Statement of Changes in Assets and Liabilities

Year ended June 30, 2008	J	Balance, uly 1, 2007	Additions	Additions Deletions			Balance, June 30, 2008	
Assets Cash	\$	512,822	\$ 1,217,126	\$	1,286,180	\$	443,768	
Liabilities								
Due to other funds Due to student groups	\$	13,038 499,784	\$ 24,610 1,281,906	\$	30,135 1,345,435	\$	7,513 436,255	
Total Liabilities	\$	512,822	\$ 1,306,516	\$	1,375,570	\$	443,768	

## Schedules of Debt Service Requirements

## 1999 Refunding Bonds Statement of Bonds Issued, Redeemed and Outstanding June 30, 2008

				Bond Principal	Inter	est D	ue	
Year Ended June 30,	Bonds Due	Interest Rate (Percent)	Issued	Redeemed	Outstanding June 30, 2008			May 1
2000	5/1/2000	3.35	\$ 370,000	\$ 370,000	\$ -	\$ -	\$	-
2001	5/1/2001	3.55	330,000	330,000	-	-		-
2002	5/1/2002	3.65	345,000	345,000	-	-		-
2003	5/1/2003	3.75	105,000	105,000	-	-		-
2004	5/1/2004	3.85	1,525,000	1,525,000	-	-		-
2005	5/1/2005	4.00	740,000	740,000	-	-		-
2006	5/1/2006	4.10	740,000	740,000	-	-		-
2007	5/1/2007	4.50	1,970,000	1,970,000	-	-		-
2008	5/1/2008	4.25	2,170,000	2,170,000	-	-		-
2009	5/1/2009	4.30	2,360,000	-	2,360,000	615,335		615,335
2010	5/1/2010	4.45	2,570,000	-	2,570,000	564,595		564,595
2011	5/1/2011	5.25	2,775,000	-	2,775,000	507,413		507,413
2012	5/1/2012	5.25	2,990,000	-	2,990,000	434,569		434,569
2013	5/1/2013	5.25	3,180,000	-	3,180,000	356,081		356,081
2014	5/1/2014	5.25	3,350,000	-	3,350,000	272,606		272,606
2015	5/1/2015	5.25	3,490,000	-	3,490,000	184,669		184,669
2016	5/1/2016	5.25	3,545,000	-	3,545,000	93,056		93,056
			\$ 32,555,000	\$8,295,000	\$ 24,260,000	\$ 3,028,324	\$3	3,028,324

Date of Issue: 5/1/99

#### **Purpose:**

Refunding of portions of 1992, 1993 and 1996 Bonds

#### **Redemption Prior to Maturity:**

The bonds or portions of bonds in multiples of \$5,000, maturing on May 1, 2010 shall be subject to redemption prior to maturity, at the option of the School District in such order as the School District may determine and by lot within any maturity, on any interest payment date occurring on or after May 1, 2009 at par and accrued interest to the date fixed for redemption.

## 2002 General Improvement Bonds Statement of Bonds Issued, Redeemed and Outstanding June 30, 2008

		_		Bond Principal		Intere	Interest Due	
Year Ended June 30, Bonds Due		Interest Rate (Percent)	Issued	Redeemed	Outstanding June 30, 2008	November 1	May 1	
2003	5/1/2003	3.750	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	
2004	5/1/2004	3.750	455,000	455,000	-	· _	_	
2005	5/1/2005	3.750	260,000	260,000	-	-	-	
2006	5/1/2006	3.200	330,000	330,000	-	-	-	
2007	5/1/2007	3.400	415,000	415,000	-	-	-	
2008	5/1/2008	3.625	425,000	425,000	-	-	-	
2009	5/1/2009	3.800	425,000	-	425,000	369,806	369,806	
2010	5/1/2010	4.000	425,000	-	425,000	361,731	361,731	
2011	5/1/2011	4.100	425,000	-	425,000	353,231	353,231	
2012	5/1/2012	4.200	425,000	-	425,000	344,519	344,519	
2013	5/1/2013	4.300	425,000	-	425,000	335,594	335,594	
2014	5/1/2014	4.450	425,000	-	425,000	326,456	326,456	
2015	5/1/2015	4.550	475,000	-	475,000	317,000	317,000	
2016	5/1/2016	4.700	675,000	-	675,000	306,194	306,194	
2017	5/1/2017	5.500	1,575,000	-	1,575,000	290,331	290,331	
2018	5/1/2018	5.500	1,575,000	-	1,575,000	247,019	247,019	
2019	5/1/2019	5.500	1,575,000	-	1,575,000	203,706	203,706	
2020	5/1/2020	5.500	1,575,000	-	1,575,000	160,394	160,394	
2021	5/1/2021	5.000	1,575,000	-	1,575,000	118,519	118,519	
2022	5/1/2022	5.000	1,575,000	-	1,575,000	79,144	79,144	
2023	5/1/2023	5.050	1,575,000	-	1,575,000	39,769	39,769	
2024	5/1/2024	5.100	1,575,000	1,575,000	-	-	-	
2025	5/1/2025	5.100	1,600,000	1,600,000	-	-	-	
2026	5/1/2026	5.125	1,600,000	1,600,000	-	-	-	
2027	5/1/2027	5.250	1,600,000	1,600,000	-	-	-	
			\$ 23,035,000	\$8,310,000	\$ 14,725,000	\$ 3,853,413	\$ 3,853,413	

**Date of Issue:** 5/14/02

#### **Purpose:**

Partially remodeling, furnishing and re-furnishing, equipping and re-equipping school facilities; erecting, furnishing and equipping an addition to the high school for a swimming pool and an addition to the transportation facility; acquiring school buses; acquiring, installing and equipping technology for school facilities; constructing, equipping, developing and improving outdoor physical education, community and athletic facilities and playgrounds; and acquiring, developing and improving sites.

#### **Redemption Prior to Maturity:**

The bonds or portions of the bonds in multiples of \$5,000 maturing on or after May 1, 2013, are subject to redemption at the option of the School District in such order as the School District may determine and by lot within any maturity, on any interest payment date occurring on or after May 1, 2012, at par plus accrued interest to the date fixed for redemption.

## 2006A Refunding Bonds Statement of Bonds Issued, Redeemed and Outstanding June 30, 2008

		_	Bond Principal				Interest Due				
Year Ended June 30,	Bonds Due	Interest Rate (Percent)		Issued	Redeemed		Outstanding ne 30, 2008	No	ovember 1		May 1
2007	5/1/2007	4.000	\$	440,000	\$ 440,000	\$	_	\$	-	\$	-
2008	5/1/2008	4.000		550,000	550,000		_		-		-
2009	5/1/2009	3.500		475,000	-		475,000		86,575		86,575
2010	5/1/2010	4.000		510,000	-		510,000		78,263		78,263
2011	5/1/2011	4.000		515,000	-		515,000		68,063		68,063
2012	5/1/2012	4.000		485,000	-		485,000		57,763		57,763
2013	5/1/2013	4.000		490,000	-		490,000		48,063		48,063
2014	5/1/2014	5.000		525,000	-		525,000		38,263		38,263
2015	5/1/2015	5.000		555,000	-		555,000		25,138		25,138
2016	5/1/2016	4.250		530,000	-		530,000		11,263		11,263
			\$	5,075,000	\$ 990,000	\$	4,085,000	\$	413,391	\$	413,391

**Date of Issue:** 5/1/06

**Purpose:** 

Refunding of portions of 1996 Bond

#### **Redemption Prior to Maturity:**

The bonds are not subject to redemption prior to maturity.

## 2006B Refunding Bonds Statement of Bonds Issued, Redeemed and Outstanding June 30, 2008

			]	Bond Principal	Interest Due		
Year Ended June 30,	Bonds Due	Interest Rate (Percent)	Issued	Redeemed	Outstanding June 30, 2008	November 1	May 1
2007	5/1/2007	3.500	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ -
2008	5/1/2008	3.750	40,000	40,000	-	-	-
2009	5/1/2009	0.000	-	-	-	143,806	143,806
2010	5/1/2010	0.000	-	-	-	143,806	143,806
2011	5/1/2011	0.000	-	-	-	143,806	143,806
2012	5/1/2012	0.000	-	-	-	143,806	143,806
2013	5/1/2013	0.000	-	-	-	143,806	143,806
2014	5/1/2014	0.000	-	-	-	143,806	143,806
2015	5/1/2015	0.000	-	-	-	143,806	143,806
2016	5/1/2016	0.000	-	-	-	143,806	143,806
2017	5/1/2017	0.000	-	-	-	143,806	143,806
2018	5/1/2018	0.000	-	-	-	143,806	143,806
2019	5/1/2019	4.250	40,000	-	40,000	143,806	143,806
2020	5/1/2020	4.250	40,000	-	40,000	142,956	142,956
2021	5/1/2021	4.250	40,000	-	40,000	142,106	142,106
2022	5/1/2022	4.250	45,000	-	45,000	141,256	141,256
2023	5/1/2023	4.250	45,000	-	45,000	140,300	140,300
2024	5/1/2024	4.250	1,625,000	-	1,625,000	139,344	139,344
2025	5/1/2025	4.250	1,625,000	-	1,625,000	104,813	104,813
2026	5/1/2026	4.300	1,625,000	-	1,625,000	70,281	70,281
2027	5/1/2027	4.350	1,625,000	-	1,625,000	35,344	35,344
			\$ 6,780,000	\$ 70,000	\$ 6,710,000	\$ 2,498,266	\$ 2,498,266

Date of Issue: 5/1/06

**Purpose:** 

Refunding of portions of 2002 Bond

#### **Redemption Prior to Maturity:**

The bonds or portions of bonds in multiples of \$5,000, due on or after May 1, 2019, are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2016, at par and accrued interest to the date fixed for redemption.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards



99 Monroe Avenue N.W., Suite 800 Grand Rapids, Michigan 49503-2654 Telephone: (616) 774-7000 Fax: (616) 776-3680

## **Independent Auditors' Report**

Board of Education Jenison Public Schools Jenison, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jenison Public Schools (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jenison Public Schools' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated September 5, 2008.

This report is intended solely for the information and use of the Board of Education, management, others within the District, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Grand Rapids, Michigan

BDO Seedma, LLP

September 5, 2008

Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133



99 Monroe Avenue N.W., Suite 800 Grand Rapids, Michigan 49503-2654 Telephone: (616) 774-7000 Fax: (616) 776-3680

#### **Independent Auditors' Report**

Board of Education Jenison Public Schools Jenison, Michigan

#### Compliance

We have audited the compliance of Jenison Public Schools (District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Jenison Public Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on Jenison Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jenison Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jenison Public Schools' compliance with those requirements.

In our opinion, Jenison Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

#### Internal Control Over Compliance

The management of Jenison Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts

and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, others within the District, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Grand Rapids, Michigan

DDO Seidma, LLP

September 5, 2008

# Schedule of Expenditures of Federal Awards

Year ended June 30, 2008	Federal CFDA Number	Program or Award Amount	Prior Year expenditures emorandum only)
Federal Grantor/Pass-Through Grantor/Program/Project Nu	mber		
U.S. Department of Education			
Passed through the Michigan Department of Education:			
Title I, Part A	84.010		
061530 0607		\$ 15,483	\$ 15,483
071530 0607		347,305	302,076
081530 0708		440,352	-
Title V	84.298		
080250 0708	04.290	2,125	_
000230 0700		2,123	
Title II, Part A	84.367		
070520 0607	0.1007	119,985	109,814
080520 0708		132,893	-
Title II, Part D	84.318		
074290 0607		3,565	2,577
084290 0708		4,702	<u>-</u>
Total passed through the Michigan Department of Education			
Passed through Ottawa Area ISD:			
Drug Free Schools	84.186		
082860 0708	04.100	12,697	_
002000 0700		12,071	

# **Schedule of Expenditures of Federal Awards**

R	Accrued Deferred) evenue at ly 1, 2007	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2008
\$	8,178 39,179	\$ 8,178 39,179 329,834	\$ - 398,380	\$ - - 68,546
	47,357	377,191	398,380	68,546
	41,331	377,191	390,300	08,340
	-	1,042	1,121	79
	4,323	4,323 103,589	128,663	25,074
		103,369	120,003	23,074
	4,323	107,912	128,663	25,074
	704 -	704 3,484	3,793	309
	704	4,188	3,793	309
	52,384	490,333	531,957	94,008
	_	12,697	12,697	

Year ended June 30, 2008	Federal CFDA Number		Program or Award Amount	Prior Year Expenditures (memorandum only)
Federal Grantor/Pass-Through Grantor/Program/Project				
Special Education Cluster:				
Flowthrough	84.027			
070450 0607	04.027	\$	1,107,374	\$ 1,107,374
080450 0708		Ψ	1,047,416	φ 1,107,571 -
Transition	84.027		1,017,110	
070490	· · · · · · ·		1,790	-
Preschool Incentive	84.173		,	
070460 0607			31,261	31,261
080460 0708			29,303	
Total Special Education Cluster				
U.S. Department of Education  U.S. Department of Health and Human Services Passed through Ottawa Area ISD: Medicaid Administrative Outreach Program  U.S. Department of Agriculture Passed through Michigan Department of Education: USDA Commodities:	93.778		15,000	14,418
Bonus commodities			1,743	-
Entitlement commodities			123,337	-
Total USDA Commodities				
Child Nutrition Cluster: National School Breakfast Program	10.553		10,655	
National School Lunch Program	10.555		588,283	-
Special Milk Program	10.556		10,420	-
Total Child Nutrition Cluster				
Total U.S. Department of Agriculture				
<u> </u>				
Total Federal Financial Assistance				

# **Schedule of Expenditures of Federal Awards**

Accrued (Deferred) Revenue at uly 1, 2007	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2008
\$ 553,687	\$ 553,687 523,708	\$ - 1,047,416	\$ - 523,708
-	1,790	1,790	-
15,630 -	15,630 14,652	29,303	- 14,651
 569,317	1,109,467	1,078,509	538,359
 569,317	1,122,164	1,091,206	538,359
621,701	1,612,497	1,623,163	632,367
3,029	18,029	15,000	
(52,811)	1,743 123,660	1,743 122,844	(53,627)
(52,811)	125,403	124,587	(53,627)
- - -	10,655 588,283 10,420	10,655 588,283 10,420	- - -
 _	609,358	609,358	
(52,811)	734,761	733,945	(53,627)
\$ 571,919	\$ 2,365,287	\$ 2,372,108	\$ 578,740

# Note to Schedule of Expenditures of Federal Awards

#### Note to Schedule of Expenditures of Federal Awards

#### 1. General

Expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.

Expenditures in this schedule agree with financial reports and amounts reported in the basic financial statements.

Amounts reported in the Grant Section Auditors' Report reconcile with this schedule.

Inventory values are based on the USDA value for donated food commodities and include spoilage.

# **Schedule of Findings** and Questioned Costs

### Schedule of Findings and Questions Costs Year Ended June 30, 2008

Section I - Summary of Auditors' Results				
Financial Statements				
Type of auditors' report issued:		unqualified		
Internal control over financial repo	rting:			
Material weakness(es) identifie	ed?	no		
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		none reported		
Noncompliance material to financia	al statements noted?	no		
Federal Awards				
Internal control over major program	ns:			
Material weakness(es) identifie	ed?	no		
Significant deficiency(ies) ider material weakness(es)?	ntified that are not considered to be	none reported		
Type of auditors' report issued on o	compliance for major programs:	unqualified		
Any audit findings disclosed that a with Section 510(a) of <i>OMB C</i>	re required to be reported in accordance ircular A-133?	no		
Identification of major programs:				
CFDA Number	Name of Federal Program or Cluster			
84.027, 84.173 84.010	Special Education Cluster (IDEA) Title I			
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 300,000		
Auditee qualified as low-risk auditee?		yes		

There were no findings or questioned costs.

**Section II - Findings Related to the Financial Statements** 

**Section III - Findings and Questioned Costs Federal Award** 

There were no findings which are required to be reported under Government Auditing Standards.

## **Summary Schedule of Prior Audit Findings Year Ended June 30, 2008**

**Finding 2007-01** 

Title I Program CFDA No. 84.010 Questioned Costs \$2,474

#### **Finding**

Jenison Public Schools reimbursed a private school directly for their allocation of the District's Title I funds.

#### Resolution

This finding has been resolved.

99 Monroe Avenue N.W., Suite 800 Grand Rapids, Michigan 49503-2654 Telephone: (616) 774-7000 Fax: (616) 776-3680

September 5, 2008

Board of Education Jenison Public Schools 8375 20<sup>th</sup> Avenue Jenison, Michigan 49428

Dear Members of the Board:

In connection with our audit of the basic financial statements of Jenison Public Schools (the District) for the year ended June 30, 2008, we reviewed significant accounting policies and procedures and certain business, financial and administrative practices for the purpose of determining the nature, timing and scope of our audit. The comments that follow are intended to provide you with current information related to governmental accounting and reporting standards and laws and regulations.

#### **New Pronouncements**

There are several new pronouncements that have been issued by the Governmental Accounting Standards Board (GASB) that will affect future annual financial reports issued by the District. A brief summary of these new pronouncements is listed below:

**GASB Statement No. 49,** Accounting and Financial Reporting for Pollution Remediation Obligations, discusses how to identify and report pollution remediation obligations. Examples include water pollution, brownfield remediation and asbestos removal, but not landfill closure costs. The pronouncement identifies five obligating events which could trigger recording a liability. The liability would include pre-cleanup, cleanup activities, oversight and enforcement activities. A liability is required to be reported once it is possible to reasonably estimate the liability, regardless of whether it is probable that it will be paid. The pronouncement will be effective for the year ending June 30, 2009.

GASB Statement No. 51, Accounting and Reporting for Intangible Assets, requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Goodwill is specifically excluded. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. Examples of assets that may be considered intangible assets include easements, water rights, timber rights, patents, trademarks, and computer software. There are special rules for internally generated software. This pronouncement will be effective for the year ending June 30, 2010.



**GASB Statement No. 52,** Land and Other Real Estate Held as Investments by Endowments, requires land and real estate held by endowments to be reported at fair value with changes in fair value reported as investment income. This pronouncement will be effective for the year ending June 30, 2009. Unless an endowment is established, this will have no effect on the financial reporting of the District.

**GASB Statement No. 53,** Accounting and Financial Reporting for Derivative Instruments, requires that derivatives be recognized and measured at fair value with changes recognized as investment income. Hedges must be evaluated for effectiveness. Examples of derivatives are interest rate locks or swaps. The approach is similar to private sector accounting and reporting. This pronouncement will be effective for the year ending June 30, 2010.

**GASB Invitation to Comment,** Fund Balance Reporting and Governmental Fund Type Definitions, attempts to clarify the availability of resources in funds other than the General Fund and define what is meant by "legally restricted." The pronouncement would clarify the fund balance classifications and eliminate the reserved fund balance category. The new categories would be spendable and nonspendable, with the spendable category being further broken down into four sub-categories: restricted, limited, assigned and unassigned.

\* \* \* \* \*

We appreciate the outstanding cooperation received from you and your staff during our audit of the District's financial statements. We are proud to be associated with you and your organization and look forward to many more years of service to Jenison Public Schools.

Very truly yours,

BDO Serdmo\_, LLP